



C A L I F O R N I A

Dairy Review

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California Department of Food and Agriculture
A.G. Kawamura, Secretary

NEBRASKA GOVERNOR MIKE JOHANN'S NOMINATED AS 28TH U.S. SECRETARY OF AGRICULTURE

President Bush has nominated Nebraska Governor Mike Johanns as the next U.S. Department of Agriculture Secretary. The Governor was raised on a dairy farm near Osage, Iowa and chose law school over staying on the family farm. He graduated from St. Mary's College in Winona, Minnesota, then earned his law degree. Johanns was a political unknown outside of Lincoln when he launched his first bid for governor, his core message being less government, lower taxes, and sound education policies. As governor, Johanns led several trade missions to Mexico, Australia, Japan, Hong Kong, Korea, Malaysia, Singapore, and Taiwan, mainly promoting farm products. He has been known to be a champion of agriculture.

Outgoing Secretary Ann Veneman issued a statement praising President Bush's choice for her successor: "I congratulate Governor Johanns on being named today by the President to serve as the 28th U.S. Secretary of Agriculture. He is a good friend whom I've worked with closely over the years to advance agriculture policy and trade opportunities for America's farmers and ranchers. The President selected an outstanding leader today who has a distinguished career in public service and a clear understanding of agriculture and farm policies.

Governor Johanns brings tremendous strength to this position and will serve the President, this Department and American agriculture well during the next four years. I have no doubt that he will continue the strong leadership tradition at USDA and build on the many accomplishments this Administration has achieved during its first term. I offer my full support to the Governor during this transition and as he begins his tenure at USDA. I also extend my best wishes to the Governor's wife Stephanie and his family and welcome them to Washington and this great Department."



PRODUCTION, PRICES, QUOTA TRANSFERS, ALFALFA

November Milk Production

Milk production in California for November 2004 totaled 2.96 billion pounds, up 4.9 percent from November 2003. USDA's estimate for U.S. milk production for November 2004 in the 20 major dairy states is 11.8 billion pounds, up 1.2 percent from November 2003. Production per cow in the 20 major states averaged 1,526 pounds for November, 9 pounds above November 2003. ☀

Minimum Class Prices

Statewide average hundredweight prices

Class	Nov.	Dec.	Jan.
1	\$15.79	\$16.25	\$18.55
2	\$13.14	\$13.67	\$13.67
3	\$12.98	\$13.51	\$13.51
4a	\$13.17	N/A	N/A
4b	\$15.14	N/A	N/A

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	Nov.	Dec.	Jan.
Phoenix, Arizona	\$16.64	\$16.78	N/A
Southern California	\$15.93	\$16.38	\$18.69
Portland, Oregon	\$16.19	\$16.33	N/A
Northern California	\$15.66	\$16.10	\$18.42
Boston (Northeast)	\$17.54	\$17.68	N/A

Quota Transfer Summary

For November 2004, four dairy producers transferred 4,677 pounds of SNF quota. November quota sales averaged \$472 per pound of SNF (without cows), average ratio of 2.46. For December 2004, three dairy producers transferred 1,568 pounds of SNF quota. December quota sales averaged \$474 per pound of SNF (without cows), average ratio of 2.43. ☀

Alfalfa Update: December

Northern California: Premium and Supreme alfalfa was steady in a light to thin test. Demand was moderate with limited supplies. Fair and Good alfalfa had limited test with moderate supplies. Retail and Stable hay was quiet with few sales and moderate supplies. Rainy and foggy weather was troublesome during the first half of December.

Southern California: Premium and Supreme alfalfa not well tested. Fair and Good alfalfa was steady to firm with good demand and moderate supplies. Retail and Stable hay was steady with good demand and moderate supplies. Rainy and foggy weather continued to slow producer effort to finish the season. ☀

Supreme Hay Prices

Statewide average prices per ton

Area	12/3	12/10	12/17	12/24
Petaluma	\$175-180	\$180	—	N/A
North Valley ¹	\$165-180	\$167-194	\$180	N/A
South Valley ²	\$165-189	\$185-194	\$178-194	N/A
Chino Valley	—	—	—	N/A

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

Alfalfa Hay Sales/Delivery

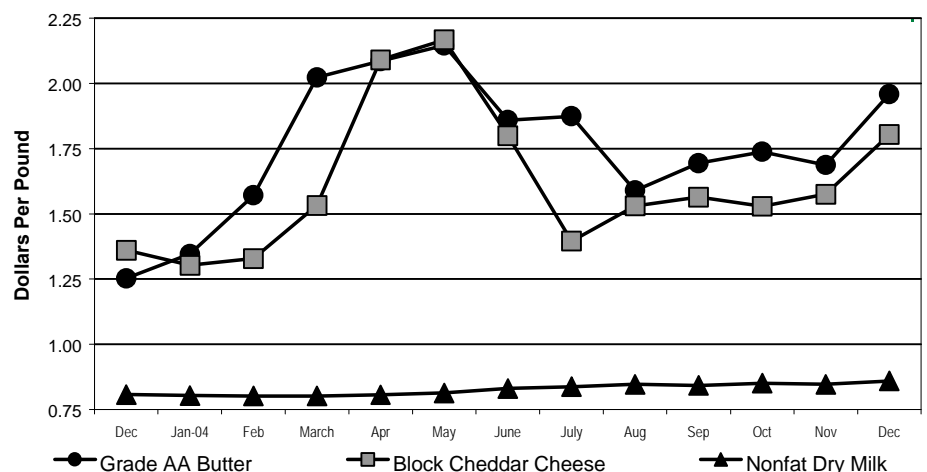
	Nov.	Dec.
Tons Sold ¹	78,734	22,822 (3 weeks data)
Tons Delivered ²	27,550	16,955 (3 weeks data)

¹ For current or future delivery.

² Contracted or current sales.

Alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA, (509) 765-3611, <http://www.ams.usda.gov/marketnews.htm>

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk Prices Used in the Calculation of California Class 1 Milk Prices



Dairy Checkoff Web Site Promotes Good Nutrition

Through the checkoff-funded www.nutritionexplorations.org web site, dairy producers are offering parents, educators, and school foodservice professionals new tools and tips to keep kids and themselves on the right track to healthy eating during and after the holidays. The site serves as an ongoing resource to families and educators, so the addition of healthy holiday recipes and healthy eating tips provides visitors with new, timely information.

Reaching parents, teachers, school foodservice personnel, and children through dedicated sections of the Web site, is an important commitment of the dairy checkoff.

The updated web site encourages parents to include kids in preparing holiday foods this season. The site includes a vanilla mochaccino drink just for adults, a cheeseburger pizza recipe for the entire family and a broccoli Christmas tree. The site also includes children-focused food games that feature cartoon characters teaching kids about the Food Guide Pyramid and cooking through interactive computer games.

Just in time for the busy, food-focused holidays, Nutrition Explorations also links to the WebMD® personalized diet evaluation. At the WebMD site, visitors are reminded that calcium and other nutrients in dairy foods, combined with exercise, may help them lose weight and strengthen their bones. ☀



ADA Honors 3-A-Day of Dairy

The American Dietetic Association (ADA) recently awarded the highly coveted 2004 President's Circle Nutrition Education Award to the 3-A-Day of Dairy for Stronger Bones campaign.

The award recognizes nutrition education programs that are scientifically sound, unique in concept and creative in presentation. ☀

National Dairy Situation and Outlook – USDA Estimates

Milk Production and Cow Numbers

Monthly: Compared to 2003, USDA estimates that overall milk production across the U.S. was up 1.0% in November, led by Arizona's 7.6% growth in milk production (on 13,000 more cows and 15 less pounds per cow). California's estimated production was up 4.9% (on 47,000 more cows and 35 more pounds per cow). Among the western states, Arizona was up 7.6%; New Mexico down 2.6%; and Washington down 3.2%. Five of the top 10 states reported an increase: Idaho 4.6%, Texas 2.2%, Michigan 0.4%, Pennsylvania 0.5%, and California 4.9%.

Quarterly: For the third quarter of 2004 compared to the second quarter of 2004, U.S. milk cow numbers were up 0.4% at 9.033 million, production per cow was down 3.8%; the net effect was a 3.4% decrease in milk production to 42.2 billion pounds. USDA projects that for the fourth quarter of 2004 compared to the third quarter of 2004, U.S. milk cow numbers will decrease 8,000 cows to 9.025 million cows, production per cow will be up 0.5%; the net effect would be a 0.2% increase in milk production to 42.3 billion pounds.

Milk Prices

Comparing the third quarter of 2004 to the second quarter of 2004, U.S. average milk prices were down \$3.20/cwt. to \$15.47/cwt. USDA projects that for the fourth quarter of 2004, U.S. average milk prices will be up \$0.25-\$0.50/cwt. compared to the third quarter; including a \$0.10-\$0.30 decrease/cwt. Class 4b price change and a \$0.00-0.30 increase/cwt. Class 4a price change.

Utility Cow Prices

Comparing the third quarter of 2004 to the second quarter of 2004, average U.S. utility cow prices were up \$1.50/cwt. to a national average of \$56.25/cwt. USDA projects that utility cow prices will average \$54-55 in the fourth quarter of 2004.


Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook." ☀

California Dairy Review Available on Website

A reminder to readers that this publication is available on the Dairy Marketing Branch website at http://www.cdffa.ca.gov/dairy/ca_dairyrev_newsletter.html ☀

USDA Amends All Federal Milk Marketing Orders


On Friday, November 26, 2004, the U.S. Department of Agriculture announced a final rule that will make permanent changes to the classification of milk provisions in all Federal milk marketing orders. The announcement follows a referendum conducted in the Northeast Marketing Order during October in which producers had the opportunity to vote on the proposed order as amended. USDA determined dairy farmers' approval by polling cooperative associations in eight of the marketing areas and by conducting referenda in the Northeast and Mideast marketing areas.

This final rule permanently adopts classification of milk use provisions that reclassify milk used to produce evaporated milk in consumer-type packages or sweetened condensed milk in consumer-type packages from Class III to Class IV. This final rule will be effective December 1, 2004. The final order rule and additional background information can be assessed on the web at <http://www.ams.usda.gov/dairy/hearings.htm>. 

2005 Assessment Rates Established for the CMAB and the CMMAB

The Department recently approved the 2005 assessment rates applicable to the California Milk Advisory Board (CMAB) and the California Manufacturing Milk Advisory Board (CMMAB). These two producer-funded programs conduct dairy promotion and research activities on behalf of California's dairy farmers.

The 2005 CMAB assessment rate for market milk and the 2005 CMMAB assessment rate for manufacturing milk have both been set at ten cents **(\$0.10)** per hundredweight. These rates are unchanged from the 2004 rates.

As in the past, these assessments will be collected from the first handlers who purchase or otherwise acquire possession of milk from producers. Each handler shall in turn deduct such assessments from payment owed to their producers. These assessments are authorized separate and apart from the fifteen-cent (\$0.15) assessment of the National Dairy Promotion and Research Board (NDPRB), but qualify California milk producers for a credit toward the NDPRB assessment. Please call the CDFA Marketing Branch at (916) 341-6005 if you have any questions about these assessments. 

Livestock Surveys To Get Underway

SACRAMENTO, CA, December 20, 2004 - Fourteen-hundred California farmers and ranchers will be part of a national sample of producers who will be contacted by the U.S. Department of Agriculture for its January livestock surveys.


These major surveys will be conducted during the first half of January by USDA's National Agricultural Statistics Service. The information gathered will be used to make state, regional, and national estimates of cattle and sheep inventories. Goat producers will be included in the surveys for the first time this year.

Farmers and ranchers selected for the surveys will be notified by letter.

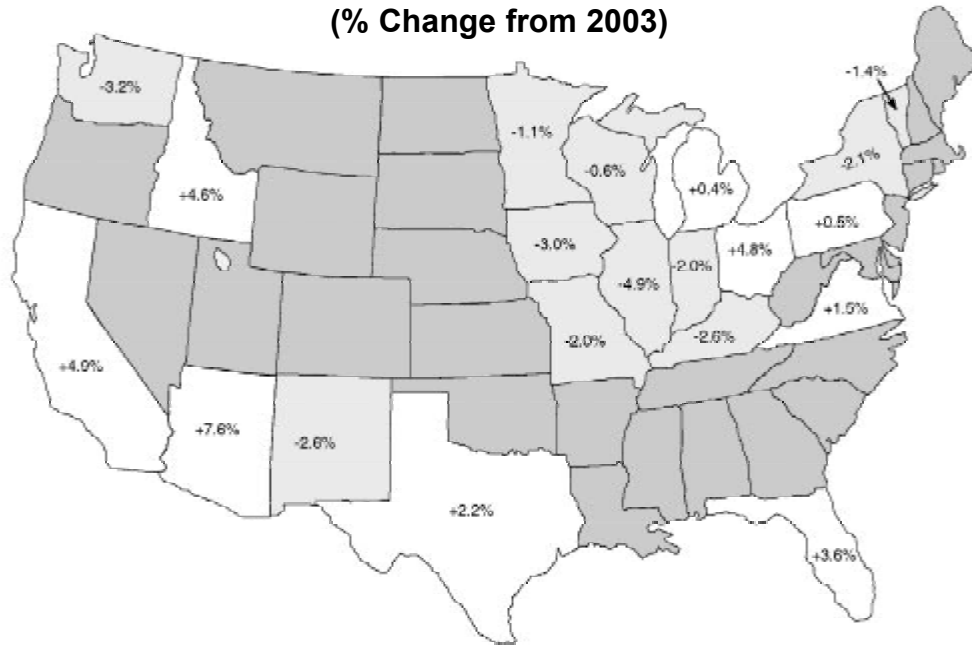
"These surveys are important in providing accurate livestock counts, which provide a basis for an orderly marketing system," said Vic Tolomeo, who heads the California Agricultural Statistics Service. "We are asking for the cooperation of California producers so we can ensure that agriculture in our state is fully represented in the national sample".

In addition to general release to the public and press, the results of these surveys will be available to farm organizations, universities, extension agents, farm management consultants, agricultural lenders, and businesses that supply input to farmers.

Facts about an individual's farm or ranch are strictly confidential and used only in combination with reports from other producers to produce agricultural statistics for California and the nation.

After results of the surveys are compiled and analyzed in Washington, D.C., the information will be released in a series of reports. Those who participate in the surveys may, upon request, receive a summary of the results for their state. 

(% Change from 2003)



For the U.S. overall, comparing November 2004 to November 2003:

- Milk production during November was up 1.0%
- The number of cows on farms was 9.030 million head, up 25,000 head
- Production per cow averaged 1,507 pounds, 11 pounds more than November 2003
- Eleven of the top twenty milk producing states showed a decrease in milk production

As reported by USDA
and CDFA (for California)

Upcoming Hearing

The Department has scheduled a public hearing to consider amendments to the Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas (Stab Plans). The hearing will be held on February 1, 2005, beginning at 9:00 a.m., at the Secretary of State Building, 1500 11th Street, Sacramento.

The petition received from Land O'Lakes proposed amendments to:

1. the manufacturing cost allowances and f.o.b. California price adjuster in the Class 4a pricing formula (milk used to make butter and nonfat dry milk); and
2. the manufacturing cost allowances, f.o.b. California price adjuster and the cheese yield in the Class 4b pricing formula (milk used to make cheese, other than cottage cheese).

The Department will accept alternative proposals for consideration at the hearing - these proposals must be received by the Department's Dairy Marketing Branch no later than 4:00 p.m. on Tuesday, January 4, 2005.

To assist interested persons in preparing for the hearing, a public workshop will be held on January 19, 2005, at the Holiday Inn Capitol Plaza, Grenada Room, 300 J Street, Sacramento, beginning at 9:00 a.m. At this workshop, interested persons can review and discuss all the proposals with Department staff and other interested parties. The Department will supply background and analyses of the petitions and alternative proposals submitted by the January 4, 2005 deadline. The workshop will be informal and educational in nature and discussion during the workshop will not be part of the official hearing record. The Department's entire hearing exhibit will be available for public inspection at the Sacramento office on January 25, 2005.

If any interested party has questions regarding the call of this hearing or needs assistance in developing language for a proposal, please contact Tom Gossard at (916) 341-5988.

**Hundredweight
Pool Prices**

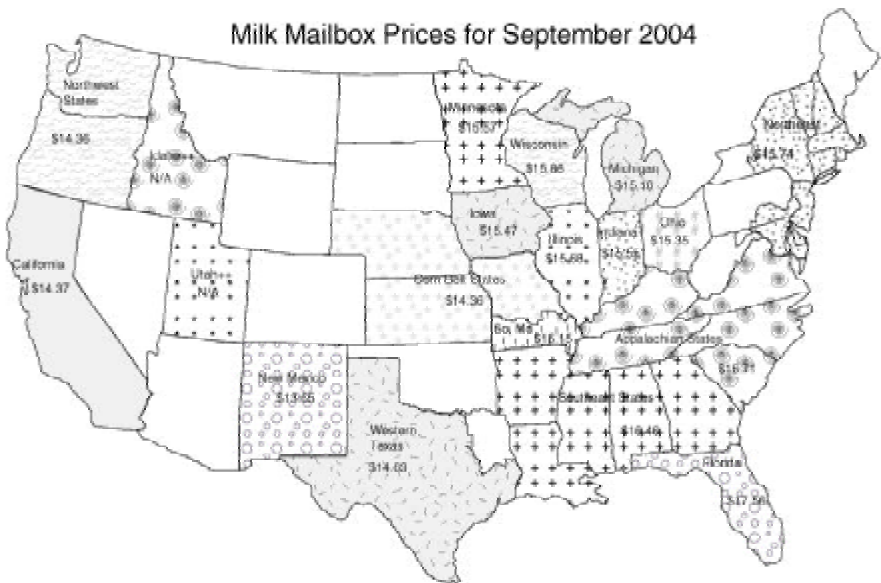
Month	Quota	Overbase
May '03	\$11.05	\$ 9.35
June	\$11.17	\$ 9.47
July	\$12.72	\$11.02
August	\$13.96	\$12.26
September	\$14.34	\$12.64
October	\$14.45	\$12.75
November	\$13.56	\$11.86
December	\$13.09	\$11.39
January '04	\$12.71	\$11.01
February	\$13.32	\$11.62
March	\$15.44	\$13.74
April	\$18.23	\$16.53
May	\$18.69	\$16.99
June	\$17.46	\$15.76
July	\$15.03	\$13.33
August	\$14.74	\$13.04
September	\$15.21	\$13.51
October	\$14.81	\$13.11
November	\$15.74	\$14.04

Milk Mailbox Prices

Milk Mailbox Prices in Dollars per Hundredweight


**	March	April*	May	June*	July*	August*	September
California*	\$14.65	\$17.21	\$17.57	\$16.38	\$13.91	\$13.73	\$14.37
USDA*	\$15.28	\$17.40	\$19.01	\$18.25	\$16.32	\$14.75	\$15.37

¹ California mailbox price calculated by CDFA.
² All federal milk market order weighted average, as calculated by USDA.



In September 2004, mailbox prices for selected reporting areas in Federal milk orders averaged \$15.37 per cwt., \$0.62 more than the figure for the previous month. The component tests of producer milk in September 2004 were: butyrol, 3.63%; protein, 3.03%; and other solids 5.68%. On an individual reporting area basis, mailbox prices increased in all reporting areas, and ranged from \$17.56 in Florida to \$13.65 in New Mexico. In September 2003, the Federal milk order all area average mailbox price was \$14.35, \$1.02 lower.

Mailbox prices for Idaho and Utah are being discontinued due to the termination of the Western Federal Order.



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The California Department of Food and Agriculture Dairy Marketing Branch publishes the California Dairy Review monthly. Please direct any comments or subscription requests to Karen Dapper at (916) 341-5988 or send an email to dairy@cdfa.ca.gov

Milk Pricing Information:
Within California 1-800-503-3490
Outside California 1-916-442-MILK

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